

SYSTEM CONTROL LICENCE

Issued to

POWER AND WATER CORPORATION

Date of Issue

1 July 2008

Utilities Commission

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System Control Licence

Licensee: Power and Water Corporation

1 Definitions and Interpretation

1.1 In this licence a word or phrase in italics:

- (a) has the meaning given to it in part 1 of schedule 1; or
- (b) if the word or phrase is not defined in part 1 of schedule 1, then it has the meaning given to it in the *Electricity Reform Act*.

1.2 This licence must be interpreted in accordance with the rules set out in part 2 of schedule 1.

2 Grant of licence

2.1 Under Part 3 of the *Electricity Reform Act*, the *Utilities Commission* grants the *licensee* a licence to exercise system control over the *power system* described in schedule 2 in accordance with the terms and conditions of this licence.

2.2 Subject to the *Regulations*, the *licensee* has the function of monitoring and controlling the operation of the *power system* with a view to ensuring that the *power system* operates reliably, safely, securely and efficiently in accordance with the *System Control Technical Code*.

3 Powers of the System Controller

In carrying out the *System Controller's* functions under the *Electricity Reform Act*, the *licensee* has:

- (a) power to issue directions to *electricity entities* which are engaged in operation of the *power system*, or contribute electricity to, or take electricity from, the *power system* in accordance with section 38 of the *Electricity Reform Act*; and
- (b) the other powers conferred by the *Regulations*.

4 Term

This licence commences on the date it is issued and continues until the earlier of:

- (a) when it is surrendered by the *licensee* under section under section 35 of the *Electricity Reform Act*; or
- (b) when it is cancelled by the *Utilities Commission* under section 36 of the *Electricity Reform Act*.

5 Annual return

The *licensee* must lodge an annual return containing such information as is required from time to time by the *Utilities Commission* by written notice.

6 **Suspension of licence**

This licence may be suspended under section 36 of the *Electricity Reform Act*.

7 **Variation of licence**

This licence may only be varied in accordance with section 32 of the *Electricity Reform Act*.

8 **Transfer of licence**

This licence may only be transferred in accordance with section 33 of the *Electricity Reform Act*.

9 **Licence fee**

The *licensee* must pay an annual licence fee or instalment of the annual licence fee, as the case may be, to the *Utilities Commission* as determined by the *Minister* under section 19 of the *Electricity Reform Act*.

10 **Compliance with regulatory instruments**

10.1 The *licensee* must:

- (a) comply with all applicable provisions of the *Network Access Code*, the *System Control Technical Code* and the *Network Technical Code*;
- (b) comply with all applicable provisions of the *Ring-Fencing Code* made by the *Utilities Commission*;
- (c) comply with all applicable provisions of any other *code* or *rule* made under the *Utilities Commission Act* from time to time; and
- (d) comply with any applicable protocol, standard and *code* applying to the *licensee* under the *Regulations*; and
- (e) comply with all applicable laws including, the *Regulations*, the *Pricing Order* and any technical or safety requirements or standards contained in *Regulations* made under the *Electricity Reform Act*.

10.2 The *licensee* must notify the *Utilities Commission* within 3 *business days* if it becomes aware of a material breach by the *licensee* of this licence or any of the regulatory instruments described in clause 10.1 of this licence.

11 **Capacity to operate**

11.1 The *licensee* must, from time to time, provide the *Utilities Commission* with details of the *licensee's* financial, technical and other capacity to continue operations under this licence, if requested to do so by the *Utilities Commission*.

11.2 The *licensee* must provide any information requested by the *Utilities Commission* under clause 11.1 of this licence:

- (a) in a manner and form determined by the *Utilities Commission*; and
- (b) within 20 *business days* of the request.

12 **Audit of operations and compliance**

12.1 The *licensee* must undertake an audit of:

- (a) all or part of the operations authorised by this licence in respect of each *financial year*, and
- (b) its compliance with the obligations under this licence and the regulatory instruments described in clause 10.1 of this licence in respect of each *financial year*,

which must be conducted by an independent auditor.

12.2 The *licensee* must report the results of the audit under clause 12.1 in respect of a *financial year* to the *Utilities Commission* by a date to be determined by the *Utilities Commission*.

13 **Changes in offices or major shareholders**

The *licensee* must notify the *Utilities Commission* of any change to any *officer* and, if applicable, any *major shareholder* of the *licensee*, within 20 *business days* after the change.

14 **Community service obligations**

The *licensee* must comply with the requirements of any scheme approved and funded by the *Minister* for the performance of community service obligations by *electricity entities*.

15 **Development of System Control Technical Code**

15.1 Within 3 months after the issue of this licence, the *licensee* must prepare a *System Control Technical Code* and submit it for approval by the *Utilities Commission*.

15.2 The System Control Technical Code may set out:

- (a) operating protocols;
- (b) arrangements for system security and dispatch;
- (c) arrangements for *disconnection*; and

any other matters relating to the monitoring, operation and control of the *power system*, which the *System Controller* considers appropriate for the reliable, safe, secure and efficient operation of the *power system*.

15.3 The *licensee* may amend the *System Control Technical Code* at any time, but only with the prior written approval of the *Utilities Commission*.

15.4 If requested to do so by the *Utilities Commission*, the *licensee* must amend the *System Control Technical Code* in the manner suggested by the *Utilities Commission*.

15.5 The *licensee* must consult with all electricity entities holding a generation licence, network licence or retail licence when establishing and amending the *System Control Technical Code*.

16 **Disconnection**

16.1 The *licensee* must *disconnect customers* in accordance with any protocols which are developed by the *licensee* in the *System Control Technical Code*.

17 **Provision of other services**

17.1 If the *licensee*, in conducting its business under this licence, provides services for which the *licensee* is not remunerated under the charges approved by the *Utilities Commission*, then the terms on which the *licensee* provides those services must be fair and reasonable.

17.2 Any questions as to what is fair and reasonable will be decided by the *Utilities Commission*.

18 **Consultation**

The *licensee* must participate to the extent specified by the *Utilities Commission* in the development, issue and review of any regulatory instruments.

19 **Provision of information to the Utilities Commission**

19.1 The *Utilities Commission* may request the *licensee* to monitor certain activities in connection with the operation of the *power system*.

19.2 The *licensee* must comply with a request of the *Utilities Commission* under clause 19.1 of this licence.

19.3 The *licensee* must keep items of information collected or derived in the course of monitoring the activities of any *electricity entity* or other person in connection with the operations of the *power system* ("**Monitored Information**") for a time period determined by the *Utilities Commission*.

19.4 If the *Utilities Commission* requests the *licensee* to provide any Monitored Information, the *licensee* must provide that information to the *Utilities Commission* as soon as practicable after receiving the request.

19.5 If:

(a) the *Utilities Commission* requests the *licensee* to provide any item of information which is not Monitored Information; and

(b) that item is in the possession of the *licensee* or could be obtained by the *licensee* by taking reasonable steps; and

(c) the licensee would not be in breach of an agreement or other confidentiality obligation if it disclosed the item to the Utilities Commission,

then the licensee must provide that item to the Utilities Commission as soon as practicable after receiving the request.

20 **Operator**

If an operator is appointed to the licensee's business under section 41 of the Electricity Act, the operator must exercise its functions and powers in such a manner as may be specified by the Utilities Commission in the instrument of appointment.

Date: 25 June 2008

THE COMMON SEAL of UTILITIES COMMISSION is duly affixed in the presence of:

Signature of authorised person

UTILITIES Commissioner
Office held

ALAN JEFFREY TREGIDGAS
Name of authorised person (block letters)



Schedule 1
Part 1 - Definitions

In this licence:

“*business day*” means a day on which banks are open for general banking business in Darwin, excluding a Saturday or Sunday;

“*code*” means any code made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“*customer*” has the meaning given to that term under the *Electricity Reform Act*;

“*disconnect*”, an electricity supply, includes a procedure to interrupt or discontinue the electricity supply to a *customer* and *disconnection* and *disconnecting* have the corresponding meanings;

“*Electricity Reform Act*” means the Electricity Reform Act 2000 (NT);

“*electricity entity*” means a person licensed under Part 3 of the *Electricity Reform Act* to carry on operations in the *electricity supply industry*;

“*electricity network*” has the meaning given to that term under the *Electricity Reform Act*;

“*Electricity Network (Third Party Access) Act*” means the Electricity Network (Third Party Access) Act 2000 (NT);

“*financial year*” means a period of 12 months ending at the end on 30 June;

“*generation licence*” means a licence to *generate* electricity granted under Part 3 of the *Electricity Reform Act*;

“*major shareholder*” means an entity, as defined in section 9 of the Corporations Law, which has a beneficial interest in more than 50% of the shares in the *licensee* or exercises control over the *licensee* within the meaning of section 50AA of the Corporations Law;

“*Minister*” means the Minister of the Crown who is responsible for the administration of the *Electricity Reform Act*;

“*Network Access Code*” means the Network Access Code referred to in the *Electricity Network (Third Party Access) Act*;

“*network licence*” means a licence to operate or own an *electricity network*;

“*Network Technical Code*” means the technical code prepared by the network provider under the *Network Access Code*;

“*officer*” means a director or secretary or executive manager responsible for carrying out day to day licensed operations;

“*power system*” means the system for generating, transmitting, distributing and *supplying* electricity and includes a part of the system;

“*Pricing Order*” means the pricing order issued by the *Minister* and any pricing determination made by the *Utilities Commission* under the *Electricity Reform Act*;

“*Regulations*” means the regulations made under the *Electricity Reform Act*;

“*retail licence*” means a licence to *sell* electricity granted under Part 3 of the *Electricity Reform Act*;

“*Ring-Fencing Code*” means the *code* dealing with ring-fencing issues established by the *Utilities Commission* under the *Utilities Commission Act*;

“*rule*” means any rule made by the *Utilities Commission* under section 24 of the *Utilities Commission Act*;

“*System Controller*” means a person licensed under Part 3 of the *Act* to exercise system control over the *power system*;

“*System Control Technical Code*” means the code of that name made by the *System Controller* and approved by the *Utilities Commission* under section 38(1) of the *Electricity Reform Act*;

“*Utilities Commission*” means the *Utilities Commission* under the *Utilities Commission Act*; and

“*Utilities Commission Act*” means the *Utilities Commission Act 2000 (NT)*.

Part 2 - Interpretation

In this licence, unless the contrary intention appears:

- 1 headings are inserted for convenience and do not affect the interpretation of this licence;
- 2 the singular includes the plural and vice versa;
- 3 words importing a gender include any gender;
- 4 the word “person” includes a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, trust or any governmental agency;
- 5 a reference to a condition, clause or schedule is to a condition, clause or schedule of this licence;
- 6 a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
- 7 a reference to this licence or another document includes any variation or replacement of any of them;
- 8 a reference to a statute, regulation, proclamation, order in council, ordinance, by-laws, code, law or similar instrument includes all statutes, regulations, proclamations, orders in council, ordinances, by-laws, codes, laws and similar instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 9 a reference to a person includes that person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- 10 the verb “include” (in all its parts, tenses and variants) is not used as, nor is it to be interpreted as, a word of limitation; and
- 11 if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

Schedule 2**Power System**

The power system(s) covered by the licence are the system(s), comprising the inter-connected generation, transmission and distribution assets, associated with:

- (1) the Darwin-Katherine power system;
- (2) the Tennant Creek power system; and
- (3) the Alice Springs power system.

Schedule 3**Variations to the licence**

Date	Reason for variation
	No variations have been made to this licence since its commencement.